GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:517
ANSWERED ON:18.11.2016
Defence Procurement
Chandrappa Shri B.N.;Patel Shri Prahlad Singh

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government has received reports regarding many foreign Arms firms paying millions of dollars as kickback to the middlemen Indian Arms Dealers for securing the supply of arms to military;

(b) if so, the reaction of the Government thereto; and

(c) the steps taken by the Government to eradicate corruption and the middlemen culture from procurement of defence equipment?

Answer

MINISTER OF STATE (DR. SUBHASH BHAMRE)
IN THE MINISTRY OF DEFENCE
????? ????? ?????? (??. ????? ?????)
(a) to (c): The capital procurement of defence equipment is progressed as per provisions of the Defence Procurement Procedure (DPP). The new DPP, which has come into effect from 1.4.2016, incorporates provisions to ensure the highest degree of probity, public accountability, impartiality and transparency in the procurement process. It envisages signing of an Integrity Pact between Government and bidders for all capital procurement / schemes of Rs.20 crore and above, as against the earlier requirement for such a Pact for schemes of over Rs.100 crore. The Integrity Pact also requires foreign vendors to disclose full details of any person, party, firm or institution engaged by them for marketing of their equipment in India and lays down conditions for appointment of agents.
The DPP contains provision to impose sanctions against bidders for any violation of the Integrity Pact, including debarment of the Seller, termination of contract, imposition of penal damages and forfeiture of Bank Guarantee. Wherever necessary, cases are referred to the appropriate agency for further investigation.
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